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# CENTRAL INTELLIGENCE GROUP

## INTELLIGENCE REPORT

361

COUNTRY China

DATE: 25X1

SUBJECT Economic Information: Dairen

INFO.

DIST. 30 December 1946

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ORIGIN

SUPPLEMENT

## DISTRIBUTION

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STATE	WAR	NAVY	JUSTICE	R & E	C & D								

25X1 1. Commercial Information

- a. Peddlers are free to conduct their business as they wish, but merchants with more capital fear confiscation or other destructive action by the government. The merchants, therefore, do not put a fixed name on their shops, or do not use a permanent business establishment. Every two or three months a new name is given to the store, or the management changes. The government officials have found no way to cope with this practice.

- b. American gasoline is smuggled from [redacted] Tientsin to Dairen and Antung (124-23, 40-09). The Chinese Communists in Dairen pay high prices (up to the equivalent of CNC \$300,000 per 10 gallon drum).

- c. [redacted] there were only three large department stores in Dairen. They were without new stock. In the Communist-controlled areas, only certain corporations are permitted to do business, and even these can deal only in Communist areas.

- d. All the shops and commercial firms are closed except those directly controlled by the municipal government. Private ownership of the shops is not recognized by the Communists.

- e. When the Soviets entered Dairen, department stores and shops had to close down because the Soviets removed all their goods.

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25X1 2. Factories

- ☐ a. Prior to Soviet occupation, 400 factories were operating in Dairen. Since the occupation, the machines have been taken from these factories by the Soviet troops. There are 200,000 unemployed workers. Since August 1945, the only operating factory in Port Arthur or Dairen has been the Naval Arsenal.

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- ☐ b. The Soviets have confiscated so much machinery that only the Dairen Dock Company, the railroad factory, and the Dairen Machinery Company have been able to remain in operation. The following work is being done by these companies:

- (1) The Dairen Dock Company, also known as the Liaotung Dock, repairs Soviet vessels and reconditions captured Japanese vessels. It is capable of operation up to September 1946, but may have to stop after that because of the lack of necessary materials.
- (2) The railroad factory is not repairing rolling stock at present, since train service has practically stopped. Instead, it is manufacturing farm implements and household appliances.
- (3) The Dairen Machinery Company is manufacturing iron bars. The majority of shares in the Company is owned by the municipal government, and most of the remainder by the Chinese Changchun Railway.

25X1 3. Banks

- ☐ a. There are three banks in the city of Dairen. The former China Bank is now called the Agricultural Bank; the former Hsing Yeh Bank is called the Commercial Bank; and the former Korean Bank is called the Dairen Bank. These banks refuse deposits from, or loans to, civilian businesses, but uphold municipal-sponsored firms.

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